

SENATE, No. 433

STATE OF NEW JERSEY

220th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2022 SESSION

Sponsored by:

Senator BOB SMITH

District 17 (Middlesex and Somerset)

SYNOPSIS

Requires all motorbuses purchased for public transportation service to be electric-powered by 2035; makes annual appropriation of \$82 million.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



1 AN ACT concerning the purchase of motorbuses for motorbus
 2 regular route service, supplementing Title 27 of the Revised
 3 Statutes, amending P.L.1984, c.73 and P.L.1999, c.23, and
 4 making an annual appropriation.

5
 6 **BE IT ENACTED** *by the Senate and General Assembly of the State*
 7 *of New Jersey:*

8
 9 1. (New section) As used in P.L. , c. (C.) (pending
 10 before the Legislature as this bill):

11 "Electric motorbus" means a motorbus which uses one or more
 12 electric motors for propulsion and does not have a combustion
 13 engine.

14 "Motorbus regular route service" means the operation of any
 15 motorbus or motorbuses on streets, public highways, or other
 16 facilities, over a fixed route and between fixed termini on a regular
 17 schedule for the purpose of carrying passengers, for hire or
 18 otherwise, within this State or between points in this State and
 19 points in other states.

20 "Public entity" means the State and any county, municipality,
 21 district, or other political subdivision thereof, and any agency,
 22 authority, commission, corporation, department, or instrumentality
 23 of the State or any county, municipality, district, or other political
 24 subdivision thereof.

25
 26 2. (New section) a. Commencing with the State fiscal year
 27 beginning on July 1, 2030, no less than 25 percent of the new buses
 28 purchased by a public entity, for use in motorbus regular route
 29 service that is provided by a public entity, shall be electric
 30 motorbuses.

31 b. Commencing with the State fiscal year beginning on July 1,
 32 2035, all of the new buses purchased by a public entity, for use in
 33 motorbus regular route service that is provided by a public entity,
 34 shall be electric motorbuses.

35 c. Commencing with the first State fiscal year following the
 36 effective date of P.L. , c. (C.) (pending before the
 37 Legislature as this bill), each public entity that provides motorbus
 38 regular route service shall make necessary preparations to begin the
 39 transition to electric motorbuses, including but not limited to, the
 40 training of bus drivers and maintenance personnel for the use and
 41 upkeep of electric motorbuses, retrofitting garages and other service
 42 equipment for the use of electric motorbuses, and identification of
 43 specifications and performance measures that an electric motorbus
 44 shall meet to adequately replace the existing motorbus fleet of the
 45 public entity. These preparations shall begin on the first day of the

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 first fiscal year following the effective date of P.L. , c. (C.)
2 (pending before the Legislature as this bill), and shall proceed in
3 subsequent fiscal years in a prudent manner.
4

5 3. (New section) Not later than March 1, 2025, the New Jersey
6 Transit Corporation, established pursuant to section 4 of P.L.1979,
7 c.150 (C.27:25-4), and each public entity operating motorbus
8 service under the Senior Citizen and Disabled Resident
9 Transportation Assistance Program, established pursuant to section
10 4 of P.L.1983, c.578 (C.27:25-28), shall provide a report to the
11 Governor, and to the Legislature pursuant to section 2 of P.L.1991,
12 c.164 (C.52:14-19.1), which identifies the actions taken in
13 preparation for the transition to electric motorbuses required
14 pursuant to P.L. , c. (C.) (pending before the Legislature as
15 this bill), the status of each entity in training staff and equipping
16 facilities for the use of electric motorbuses, a schedule from each
17 entity for their planned transition to electric motorbuses, an
18 evaluation of whether the capabilities of electric motorbuses will be
19 sufficient to provide a comparable level of service to that of the
20 existing motorbus fleet, and the projected cost of transitioning to an
21 electric motorbus fleet relative to replacement and maintenance of
22 the existing fleet in the absence of the requirements under P.L. , c.
23 (C.) (pending before the Legislature as this bill).
24

25 4. Section 22 of P.L.1984, c.73 (C.27:1B-22) is amended to
26 read as follows:

27 22. The commissioner shall prepare and submit the following
28 reports to the Governor, the Legislature, and the Transportation
29 Policy Review Board, established pursuant to section 6 of P.L.2006,
30 c.3 (C.27:1B-22.2) under the terms set forth below: a
31 Transportation Master Plan, a Statewide Capital Investment
32 Strategy, an Annual Transportation Capital Program, a
33 Transportation Trust Fund Authority Financial Plan, and a Five-
34 Year Capital Plan.

35 a. To the end that the transportation system of the State shall
36 be planned in an orderly and efficient manner and that the
37 Legislature shall be advised of the nature and extent of public
38 highways, public transportation projects and other transportation
39 projects contemplated to be financed under **【this act】** P.L.1984,
40 c.73 (C.27:1B-1 et seq.), the department shall submit a master plan,
41 as provided in subsection (a) of section 5 of P.L.1966, c.301
42 (C.27:1A-5). Notwithstanding the provisions of **【that act】**
43 P.L.1966, c.301 (C.27:1A-1 et seq.), the plan shall be for a period
44 of five years and shall be submitted to the Commission on Capital
45 Budgeting and Planning, the Chairman of the Senate Transportation
46 Committee and the Chairman of the Assembly Transportation and
47 Independent Authorities Committee, or their successors, and the
48 Legislative Budget and Finance Officer, and the metropolitan

1 planning organizations, on or before March 1, 2001, and at five-
2 year intervals thereafter. The master plan shall set the direction for
3 the department's overall Capital Investment Strategy and subsequent
4 annual Transportation Capital Programs submitted to the
5 Legislature for approval pursuant to this section. This master plan
6 shall, to the extent practicable, conform to all federal requirements
7 for Statewide transportation planning.

8 b. The Department of Transportation, in conjunction with the
9 New Jersey Transit Corporation, the New Jersey Turnpike
10 Authority, and the South Jersey Transportation Authority, shall
11 prepare a "Statewide Capital Investment Strategy" for at least a
12 five-year period which shall contain, at a minimum, a statement of
13 the goals of the department, the corporation, and the toll road
14 authorities in major selected policy areas and the means by which
15 the goals are to be attained during that period, using quantitative
16 measures where appropriate. The Statewide Capital Investment
17 Strategy may be updated and submitted no later than March 1 of
18 each year. The Statewide Capital Investment Strategy shall provide
19 for a multi-modal, intermodal, seamless, technologically advanced,
20 and secure transportation system. It shall recommend investment
21 for major program categories, set overall goals for investment in the
22 State's infrastructure, and develop program targets and performance
23 measures. It may rely on infrastructure management systems as
24 developed by the department to assess bridge conditions, pavement
25 conditions, bridge, traffic and pedestrian safety, traffic congestion
26 and public transit facilities. With respect to pavement conditions,
27 the department shall set as a priority the utilization of efficient cost-
28 effective materials and treatments as stated in section 9 of P.L.2000,
29 c.73 (C.27:1B-21.22). In the event that there exist appropriate
30 circumstances for the use of micro-surfacing and cold-in-place
31 recycling, the department shall establish as a special priority the use
32 of these materials and surface treatments. The goals of the Capital
33 Investment Strategy shall include, but not be limited to, reduction of
34 vehicular and pedestrian accidents, reduction in the backlog of
35 projects, including one-half of the structurally deficient bridge
36 repair projects and pavement deficiencies, and an increase in lane
37 miles of bicycle paths, with a goal of constructing an additional
38 1,000 lane miles of bicycle paths in five years to reduce traffic
39 congestion and for recreational uses. The construction of bicycle
40 and pedestrian lanes, paths and facilities shall be subject to no
41 stricter environmental requirements than are provided pursuant to
42 federal law and regulations for such lanes, paths and facilities,
43 notwithstanding the provisions to the contrary of State law and
44 regulations, including State Executive Order No. 215 of 1989. With
45 respect to the New Jersey Transit Corporation, the Statewide
46 Capital Investment Strategy shall deal with the corporation's overall
47 goal to keep the public transportation system in a state of good
48 repair and, more specifically, in the area of bus transportation,

1 present a strategy and a preliminary timetable for the replacement
2 of the current diesel bus fleet with a fleet of buses which have
3 reduced emission of air pollutants. The corporation shall consider
4 the feasibility of buses with improved pollution controls and that
5 reduce particulate emissions and buses powered by fuel other than
6 conventional diesel fuel], such as compressed natural gas vehicles,
7 hybrid vehicles, fuel cell vehicles, biodiesel vehicles, vehicles
8 operated on ultra low sulfur fuel, and vehicles operated on any other
9 bus fuel approved by the United States Environmental Protection
10 Agency]. The corporation may consider as part of its strategy,
11 cooperative efforts with bus manufacturers, and the solicitation of
12 federal support, in developing a "clean bus" with air pollution
13 controls superior to currently available technology. For the fiscal
14 year beginning July 1, 2007 [and each fiscal year thereafter]
15 through the fiscal year beginning July 1, 2029, all buses purchased
16 by the New Jersey Transit Corporation shall be buses with
17 improved pollution controls and that reduce particulate emissions,
18 or buses powered by fuel other than conventional diesel fuel], such
19 as compressed natural gas vehicles, hybrid vehicles, fuel cell
20 vehicles, biodiesel vehicles, vehicles operated on ultra low sulfur
21 fuel, or vehicles operated on any other bus fuel approved by the
22 United States Environmental Protection Agency]. In the event that
23 the corporation is not able to meet the bus purchase requirements
24 set forth in this section with respect to any fiscal year prior to the
25 fiscal year beginning July 1, 2030, prior to the commencement of
26 the fiscal year, the board of the corporation shall, by resolution,
27 submit a report to the Legislature detailing its inability to meet the
28 requirements and the reasons therefor and shall submit the report to
29 the Senate and General Assembly when both houses are in session,
30 including therein a request to be exempted from the bus purchase
31 requirements of this section with regard to the fiscal year in
32 question. The President of the Senate and the Speaker of the
33 General Assembly shall cause the date of submission to be entered
34 upon the Senate Journal and the Minutes of the General Assembly.
35 If a joint resolution approving the exemption is passed by the
36 Legislature and signed by the Governor prior to the commencement
37 of the fiscal year in question, the corporation shall be exempt from
38 the requirements for that fiscal year. Commencing with the State
39 fiscal year beginning July 1, 2030, and each State fiscal year
40 thereafter, the purchase of motorbuses, including the transition to
41 lower emission motorbuses, shall be governed by the provisions of
42 section 2 of P.L. , c. (C.) (pending before the Legislature
43 as this bill).

44 In the fiscal year beginning on July 1, 2007 and in each fiscal
45 year thereafter, in the year prior to the year in which final
46 engineering is anticipated to start on any project which extends the
47 reach of the New Jersey Transit rail or light rail system, the New

1 Jersey Transit Corporation shall be required to identify and include
2 in the annual Statewide Capital Investment Strategy the required
3 State financial assistance to support operation of the incremental
4 service for the first three years and the projected fare box recovery
5 ratio at the commencement of the fourth year of operation of each
6 project.

7 The Statewide Capital Investment Strategy shall also detail the
8 planned investment of capital funds for public transportation
9 projects of companies other than the New Jersey Transit
10 Corporation engaged in the business of providing motor bus
11 transportation. The Statewide Capital Investment Strategy shall
12 demonstrate that such investment adequately addresses the finding
13 in section 2 of P.L.1979, c.150 (C.27:25-2) that in the provision of
14 public transportation services it is desirable to encourage to the
15 maximum extent feasible the participation of private enterprise.

16 c. On or before March 1 of each year, the commissioner shall
17 submit a report of general project categories and proposed projects
18 thereunder to be financed in the ensuing fiscal year, including
19 therewith a description of the projects, the county or counties and
20 municipality or municipalities within which they are to be located, a
21 distinction between State and local projects, an identification
22 number for each project that can be used to cross reference any
23 project in the State's federal Statewide Transportation Improvement
24 Program, the project phase of work, investment category, project
25 sponsor, governmental entity with jurisdiction over the project and
26 associated infrastructure, the amount estimated to be expended on
27 each project in the year of appropriation, and an estimate of the
28 total project cost. This report shall be known as the "Annual
29 Transportation Capital Program" for the upcoming fiscal year. It
30 shall include proposed projects of both the Department of
31 Transportation and the New Jersey Transit Corporation. The
32 program shall be consistent with, and reflective of, the goals and
33 priorities of the Capital Investment Strategy and the program shall
34 include an explanation which demonstrates how it is consistent
35 with, and reflective of, the goals and priorities.

36 d. On or before March 1 of each year, the commissioner shall
37 also submit a "Transportation Trust Fund Authority Financial Plan"
38 designed to implement the financing of the proposed projects. The
39 financial plan shall contain an enumeration of the bonds, notes or
40 other obligations of the authority which the authority intends to
41 issue, including the amounts thereof and the conditions therefor.
42 The financial plan shall set forth a complete operating and financial
43 statement covering the authority's proposed operations during the
44 ensuing fiscal year, including amounts of income from all sources,
45 including but not limited to the proceeds of bonds, notes or other
46 obligations to be issued, as well as interest earned. In addition, the
47 plan shall contain proposed amounts to be appropriated and
48 expended, as well as amounts for which the department anticipates

1 to obligate during the ensuing fiscal year for any future
2 expenditures.

3 e. The Statewide Capital Investment Strategy, the Annual
4 Transportation Capital Program, and the Transportation Trust Fund
5 Authority Financial Plan shall be submitted to the Senate and
6 General Assembly. Within 45 days of the receipt thereof, the
7 Senate or the General Assembly may object in writing to the
8 commissioner in regard to any project or projects in the Annual
9 Transportation Capital Program it disapproves or which it is of the
10 opinion should be modified or added to or any additional or
11 alternative projects considered or in regard to any element of the
12 financial plan. The commissioner shall consider the objections and
13 recommendations and resubmit the report within 10 days,
14 containing therein any modifications based upon the commissioner's
15 consideration of the objections or recommendations.

16 f. In order that the Legislature shall be advised of the nature
17 and extent of public highways, public transportation projects, and
18 other transportation projects contemplated to be financed under this
19 act, the commissioner shall submit annually, together with the
20 Annual Transportation Capital Program, a Five-Year Capital Plan,
21 which shall set forth projects and programs anticipated to be funded
22 over the five-year period. The Five-Year Capital Plan shall, to the
23 extent practicable, conform to all federal requirements for Statewide
24 transportation capital programming.

25 (cf: P.L.2016, c.56, s.6)

26

27 5. Section 12 of P.L.1999, c.23 (C.48:3-60) is amended to read
28 as follows:

29 12. a. Simultaneously with the starting date for the
30 implementation of retail choice as determined by the board pursuant
31 to subsection a. of section 5 of P.L.1999, c.23 (C.48:3-53), the
32 board shall permit each electric public utility and gas public utility
33 to recover some or all of the following costs through a societal
34 benefits charge that shall be collected as a non-bypassable charge
35 imposed on all electric public utility customers and gas public
36 utility customers, as appropriate:

37 (1) The costs for the social programs for which rate recovery
38 was approved by the board prior to April 30, 1997. For the purpose
39 of establishing initial unbundled rates pursuant to section 4 of
40 P.L.1999, c.23 (C.48:3-52), the societal benefits charge shall be set
41 to recover the same level of social program costs as is being
42 collected in the bundled rates of the electric public utility on the
43 effective date of P.L.1999, c.23 (C.48:3-49 et al.). The board may
44 subsequently order, pursuant to its rules and regulations, an increase
45 or decrease in the societal benefits charge to reflect changes in the
46 costs to the utility of administering existing social programs.
47 Nothing in P.L.1999, c.23 (C.48:3-49 et al.) shall be construed to
48 abolish or change any social program required by statute or board

1 order or rule or regulation to be provided by an electric public
2 utility. Any such social program shall continue to be provided by
3 the utility until otherwise provided by law, unless the board
4 determines that it is no longer appropriate for the electric public
5 utility to provide the program, or the board chooses to modify the
6 program;

7 (2) Nuclear plant decommissioning costs;

8 (3) The costs of demand side management programs that were
9 approved by the board pursuant to its demand side management
10 regulations prior to April 30, 1997. For the purpose of establishing
11 initial unbundled rates pursuant to section 4 of P.L.1999, c.23
12 (C.48:3-52), the societal benefits charge shall be set to recover the
13 same level of demand side management program costs as is being
14 collected in the bundled rates of the electric public utility on the
15 effective date of P.L.1999, c.23 (C.48:3-49 et al.). Within four
16 months of the effective date of P.L.1999, c.23 (C.48:3-49 et al.),
17 and every four years thereafter, the board shall initiate a proceeding
18 and cause to be undertaken a comprehensive resource analysis of
19 energy programs, and within eight months of initiating such
20 proceeding and after notice, provision of the opportunity for public
21 comment, and public hearing, the board, in consultation with the
22 Department of Environmental Protection, shall determine the
23 appropriate level of funding for energy efficiency , plug-in electric
24 vehicles and plug-in electric vehicle charging infrastructure, and
25 Class I renewable energy programs that provide environmental
26 benefits above and beyond those provided by standard offer or
27 similar programs in effect as of the effective date of P.L.1999, c.23
28 (C.48:3-49 et al.); provided that the funding for such programs be
29 no less than 50 percent of the total Statewide amount being
30 collected in electric and gas public utility rates for demand side
31 management programs on the effective date of P.L.1999, c.23
32 (C.48:3-49 et al.) for an initial period of four years from the
33 issuance of the first comprehensive resource analysis following the
34 effective date of P.L.1999, c.23 (C.48:3-49 et al.), and provided
35 that 25 percent of this amount shall be used to provide funding for
36 Class I renewable energy projects in the State. In each of the
37 following fifth through eighth years, the Statewide funding for such
38 programs shall be no less than 50 percent of the total Statewide
39 amount being collected in electric and gas public utility rates for
40 demand side management programs on the effective date of
41 P.L.1999, c.23 (C.48:3-49 et al.), except that as additional funds are
42 made available as a result of the expiration of past standard offer or
43 similar commitments, the minimum amount of funding for such
44 programs shall increase by an additional amount equal to 50 percent
45 of the additional funds made available, until the minimum amount
46 of funding dedicated to such programs reaches \$140,000,000 total.
47 After the eighth year the board shall make a determination as to the
48 appropriate level of funding for these programs. Such programs

1 shall include a program to provide financial incentives for the
2 installation of Class I renewable energy projects in the State, and
3 the board, in consultation with the Department of Environmental
4 Protection, shall determine the level and total amount of such
5 incentives as well as the renewable technologies eligible for such
6 incentives which shall include, at a minimum, photovoltaic, wind,
7 and fuel cells. The board shall simultaneously determine, as a result
8 of the comprehensive resource analysis, the programs to be funded
9 by the societal benefits charge, the level of cost recovery and
10 performance incentives for old and new programs and whether the
11 recovery of demand side management programs' costs currently
12 approved by the board may be reduced or extended over a longer
13 period of time. The board shall make these determinations taking
14 into consideration existing market barriers and environmental
15 benefits, with the objective of transforming markets, capturing lost
16 opportunities, making energy services more affordable for low
17 income customers and eliminating subsidies for programs that can
18 be delivered in the marketplace without electric public utility and
19 gas public utility customer funding;

20 (4) Manufactured gas plant remediation costs, which shall be
21 determined initially in a manner consistent with mechanisms in the
22 remediation adjustment clauses for the electric public utility and gas
23 public utility adopted by the board; **[and]**

24 (5) The cost, of consumer education, as determined by the
25 board, which shall be in an amount that, together with the consumer
26 education surcharge imposed on electric power supplier license fees
27 pursuant to subsection h. of section 29 of P.L.1999, c.23 (C.48:3-
28 78) and the consumer education surcharge imposed on gas supplier
29 license fees pursuant to subsection g. of section 30 of P.L.1999,
30 c.23 (C.48:3-79), shall be sufficient to fund the consumer education
31 program established pursuant to section 36 of P.L.1999, c.23
32 (C.48:3-85); and

33 (6) Beginning in the first fiscal year following the effective date
34 of P.L. , c. (C.) (pending before the Legislature as this bill)
35 and in each fiscal year thereafter prior to fiscal year 2036, costs of
36 transitioning vehicles and equipment used for motorbus regular
37 route service operated by public entities in the State to electric
38 motorbuses pursuant to P.L. , c. (C.) (pending before the
39 Legislature as this bill).

40 b. There is established in the Board of Public Utilities a
41 nonlapsing fund to be known as the "Universal Service Fund." The
42 board shall determine: the level of funding and the appropriate
43 administration of the fund; the purposes and programs to be funded
44 with monies from the fund; which social programs shall be provided
45 by an electric public utility as part of the provision of its regulated
46 services which provide a public benefit; whether the funds
47 appropriated to fund the "Lifeline Credit Program" established
48 pursuant to P.L.1979, c.197 (C.48:2-29.15 et seq.), the "Tenants'

1 Lifeline Assistance Program" established pursuant to P.L.1981,
2 c.210 [(C.48:2-29.31 et seq.)] (C.48:2-29.30 et seq.), the funds
3 received pursuant to the Low Income Home Energy Assistance
4 Program established pursuant to 42 U.S.C. s.8621 et seq., and funds
5 collected by electric and [natural] gas public utilities, as authorized
6 by the board, to offset uncollectible electricity and natural gas bills
7 should be deposited in the fund; and whether new charges should be
8 imposed to fund new or expanded social programs.

9 (cf: P.L.2019, c.362, s.13)

10
11 6. (New section) Beginning in the first State fiscal year
12 following the effective date of P.L. , c. (C.) (pending
13 before the Legislature as this bill) and in each State fiscal year
14 thereafter prior to fiscal year 2036, there shall be appropriated
15 \$82,000,000 per year to the New Jersey Transit Corporation from
16 the following sources: societal benefits charge revenues received
17 pursuant to section 12 of P.L.1999, c.23 (C.48:3-60); and any
18 revenues generated from the sale of carbon emission allowances
19 pursuant to the State's participation in the Transportation and
20 Climate Initiative Program. Any amounts appropriated to the New
21 Jersey Transit Corporation pursuant to this section shall be
22 equitably divided between public entities operating motorbus
23 regular route service and shall be expended exclusively to prepare
24 for the transition to electric motorbuses and to purchase electric
25 motorbuses as required pursuant to P.L. , c. (C.) (pending
26 before the Legislature as this bill).

27
28 7. This act shall take effect immediately.

30 31 STATEMENT

32
33 This bill requires public entities including the New Jersey
34 Transit Corporation (NJ Transit) to transition to electric
35 motorbuses. Beginning in FY 2031, 25 percent of the new
36 motorbuses purchased by each public entity for regular route
37 service that is provided by a public entity must be electric
38 motorbuses. Beginning in FY 2036, all new motorbuses purchased
39 by each public entity for regular route service provided by a public
40 entity must be electric motorbuses. The bill also requires public
41 entities to begin preparing for this transition starting in the first
42 State fiscal year following the effective date of the bill.

43 The bill requires NJ Transit and county transportation services to
44 each provide a report to the Governor and Legislature by March 1,
45 2025, which documents their progress in preparing for the gradual
46 transition to electric motorbuses beginning in FY 2031. The report
47 is to include updates on the preparations these entities began
48 making to transition to electric motorbuses, the status of each entity

1 in training staff and equipping facilities for the use of electric
2 motorbuses, a schedule for their planned transition to electric
3 motorbuses, an analysis of whether electric motorbuses will be
4 sufficient to replace the existing motorbus fleet, and the potential
5 fiscal impact of the transition to an electric motorbus fleet relative
6 to maintenance and upkeep of the fleet with non-electric
7 motorbuses.

8 The bill also amends the requirements of the Statewide Capital
9 Investment Strategy as they apply to NJ Transit. Currently, NJ
10 Transit is required to transition its diesel bus fleet to lower emission
11 alternatives. This bill sunsets that requirement in FY 2030, so that
12 beginning in FY 2031, the requirements under this bill for the
13 electrification of the motorbus fleet are put in place, which will
14 eventually result in a zero emission fleet.

15 The bill appropriates \$82 million each year starting on the first
16 State fiscal year after the bill is enacted and ending before FY 2036.
17 The bill appropriates money to NJ Transit from the societal benefits
18 charge and any revenues generated from the sale of carbon emission
19 allowances resulting from the State's participation in the
20 Transportation and Climate Initiative Program. The bill requires
21 the money to be equitably divided between public entities operating
22 motorbus regular route service to prepare for the transition to
23 electric motorbuses and to purchase electric motorbuses.